

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: APUB, BR

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOLLOWING IS FINAL TEXT, REPEAT FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF DOLS 607,200 TO DOW
QUIMICA S. A. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN
WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY NOVEMBER 6, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 607,200 SUPPORTS DOLS 2 MILLION
SALE OF U.S. EQUIPMENT FOR CHEMICAL PLANT IN BRAZIL

TO SUPPORT A DOLS 2,024,000 SALE OF U.S. EQUIPMENT AND SERVES
REQUIRED FOR EXPANSION OF A POLYSTYRENE PLANT IN GUARUJA, BRAZIL, THE

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BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE

UNITED STATES HAS AUTHORIZED A DIRECT IREZRT OF DOLS 607,2001
TO FINANCE
30 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO
EXIMBANK'S WILLIAM J. CASEY. A CREDIT OF DOLS 1,214,400 FROM SECURITY

PACIFIC NATIONAL BANK OF SEATTLE, WASHINGTON, WILL
COVER 60 PERCENT OF THE U.S. COSTS. THE OBLIGOR, DOW QUIMICA
S.A., A SUBSIDIARY OF DOW CHEMICAL COMPANY OF MIDLAND, MICHIGAN,
WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10
PERCENT OR DOL 202,400

THE PROJECT COVERS THE SECOND PHASE IN THE CONSTRUCTION OF A
POLYSTYRENE PRODUCTION UNIT AND REPRESENTS AN EXPANSION OF
MANUFACTURING CAPACITY FROM 20,000 TO 60,000 METRIC TONS PER YEAR.
A WIDE VARIETY OF CHEMICAL PLANT FACILITIES WILL BE PROVIDED
BY A LARGE NUMBER OF U.S. SUPPLIERS NOT YET SELECTED, PLUS SOME
ENGINEERING AND PROJECT MANAGEMENT SERVICES BY DOW CHEMICAL
COMPANY. EXIMBANK SUPPORTED THE INITIAL PLANT CONSTRUCTION WITH
A CREDIT OF DOLS 767,000 AUTHORIZED IN 1973.

THE LOANS ARE TO BE REPAYED IN 12 SEMIANNUAL INSTALLMENTS BEGINNING
NOVEMBER 10, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 607,200 WILL BE
REPAID OUT OF THE LAST 4 INSTALLMENTS WITH INTEREST AT THE RATE
OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF
THE CREDIT FROM THE PARTICIPATING COMMERCIAL BANK RESULTS IN AN
INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT
10.42 PERCENT TO 10.67 PERCENT PER ANNUM. REPAYMENT OF THE EXIMBANK
LOAN IS TO BE GUARANTEED BY DOW CHEMICAL
COMPANY OF MIDLAND, MICHIGAN. UNQUOTE
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